

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re : Chapter 11
: Case No. 05-44481 (RDD)
DELPHI CORPORATION, et al., :
: (Jointly Administered)
Debtors. :

X

**DECLARATION OF FRANK SCHNEIDER IN SUPPORT OF THE
SECRETARY'S SUPPLEMENTAL RESPONSE TO THE
DEBTORS' OBJECTION TO PROOF OF CLAIM 15135 AND
STATEMENT OF DISPUTED FACTS**

Frank Schneider, upon personal knowledge, states as follows:

1. I am an investigator for the Employee Benefits Security Administration ("EBSA"), United States Department of Labor, stationed at 211 West Fort Street, Room 1310, Detroit, Michigan 48226.
2. I have been an EBSA investigator for seven (7) years. I began my employment with EBSA in the Atlanta Regional Office in September 2000. In January 2004, I transferred to the Detroit District Office, which is my current duty station. In the seven (7) years that I have worked for EBSA, I have completed eighty-five investigations of employee benefit plans.
3. I received a BA degree from George Mason University and a JD degree from Georgia State University College of Law. Before becoming an Investigator with EBSA, I worked as an attorney for the Public Defender's Office in Atlanta, Georgia from October 1999 until September 2000.

4. Following an October 3, 2005 newspaper article in the Detroit Free Press which reported that dividends earned on General Motor stock held by the Delphi Personal Savings Plan for Hourly Rate Employees in the U.S. (the "Delphi Plan" or the "PSP") had been invested by the plan's fiduciaries contrary to the plan's provisions, resulting in participant losses, I was assigned the duty of investigating the fiduciaries of the Delphi Plan to determine whether any violations of Title I of the Employee Retirement Income Security Act of 1974, as amended, had occurred.

5. During the course of my investigation, I received the following documents from Delphi Corporation ("Delphi"):

- a. The Delphi Automotive Systems Savings Trust, a true and correct copy of which is attached hereto and made a part hereof as Exhibit 1.
- b. The Investment Management Agreement for U.S. Savings Plans between Delphi and General Motors Investment Management Corporation ("GMIMCo"), a true and correct copy of which is attached hereto and made a part hereof as Exhibit 2.
- c. Delphi's Recordkeeping and Administrative Services Agreement with Fidelity Investments Institutional Operations Company, Inc. ("Fidelity"), a true and correct copy of which is attached hereto and made a part hereof as Exhibit 3.
- d. Delphi's request for approval of its proposed correction plan under the IRS's Voluntary Correction Program ("VCP") a true and correct copy of which is attached hereto and made a part hereof as Exhibit 4. Exhibit 4 consists of the following documents:

- November 18, 2004 letter from the IRS acknowledging receipt of Delphi's request for approval under the IRS VCP (DOL-PSP-000123-129)
- September 28, 2004 letter from Delphi to the IRS requesting approval under the IRS VCP (DOL-PSP-000123-129)
 - Attachment 1: proposed participant letter (DOL-PSP-000130-131)
 - Tab A: First 3 pages of the Annual Report / Report of Employee Benefit Plan Form 5500 for the Delphi Plan for plan year 2003 (DOL-PSP-001098-001100)
 - Tab B: PSP Plan Document – Exhibit G, Supplemental Agreement covering Personal Savings Plan between Delphi and UAW, dated September 18, 2003 (DOL-PSP-000001-50)
 - Tab C: Delphi check to U.S. Treasury, dated 08/19/04, in the amount of \$25,000 for the IRS VCP fee since the number of Plan participants exceeded 10,000 (DOL-PSP-000132)
 - Tab D: Perjury Statement signed by Delphi's Chief Tax Officer, James P. Whitson, dated September 28, 2004 (DOL-PSP-133)
 - Tab E: Appendix C, IRS VCP Checklist, signed by Delphi's Chief Tax Officer, James P. Whitson, dated September 28, 2004 (DOL-PSP-134-136)
 - Tab F: Favorable IRS determination letter dated June 27, 2003 to Delphi from the IRS concerning the tax qualification of the Delphi Hourly Plan (DOL-PSP-000137-38)

- Tab G: IRS Form 6406 (Short Form Application for Determination for Minor Amendment of Employee Benefit Plan) (DOL-PSP-141-144); IRS Form 8717 (User Fee for Employee Plan Determination letter Request) (DOL-PSP-000140); Amendment to the Delphi Personal savings Plan for Hourly-Rate Employees in the U.S. (DOL-PSP-000145); IRS Form 6406 Statement prepared by Delphi as to how the amendment to the Delphi Plan effects the plan (DOL-PSP-000146); and Delphi check to U.S. Treasury, dated 09/22/04, in the amount of \$125 for IRS Form 8717 fee
- e. The IRS October 13, 2005 Compliance Statement for the Delphi Hourly Plan, a true and correct copy of which is attached hereto and made a part hereof as Exhibit 5.
- f. The Summary Plan Description for the Delphi Hourly Plan, dated September 28, 1999, a true and correct copy of which is attached hereto and made a part hereof as Exhibit 6.
- g. An agenda for a “GM Dividend Issue” conference call on May 21, 2004, between Delphi, Fidelity and General Motors Asset Management Company (GMIMCo) representatives, a true and correct copy of which is attached hereto and made a part hereof as Exhibit 7.
- h. A December 19, 2005 letter received by me from Francis P. Kuplicki, in-house counsel for Delphi, with enclosed quarterly reports related to the General Motors Stock fund (“GMSF”) and the Promark Income Fund (“the Promark Fund”), a true and

correct copy of which is attached hereto and made a part hereof as Exhibit 8. (Also attached as Exhibit 8(a) are true and correct copies of EBSA's requests for information referred to in Attorney Kuplicki's December 19, 2005 letter.)

i. September 14, 2007 e-mails sent to me by Francis P. Kuplicki, in-house counsel for Delphi, stating the prices of the GMSF and the Promark Fund as of October 7, 2005, a true and correct copy of which is attached hereto and made a part hereof as Exhibit 9.

j. A September 7, 2005 letter from David Guillet of Fidelity outlining actions to be taken by Fidelity on behalf of Delphi which were authorized by John L. Demarco of Delphi, a true and correct copy of which is attached hereto and made a part hereof as Exhibit 10.

k. An Historical Delphi Dividend Summary sent to me by Francis P. Kuplicki, in-house counsel for Delphi, on December 2, 2005, a true and correct copy of which is attached hereto and made a part hereof as Exhibit 11.

6. During the course of my investigation, I also received the following documents from Fidelity:

a. A February 26, 2006 letter to me from Margaret Raymond, in-house counsel for Fidelity Investments Institutional Operations Company, Inc. (Fidelity), enclosing GMSF and the Promark Fund statements given to Delphi, a true and correct copy of which is attached hereto and made a part hereof as Exhibit 12.

b. A March 18, 2004 e-mail from Brian Donoghue of Fidelity to Michelle Trimble of Delphi, enclosing an attached analysis,¹ a true and correct copy of which is attached hereto and made a part hereof as Exhibit 13.

c. The September 6, 2005 notice sent by Delphi to participants of the Delphi Hourly Plan regarding the mistaken dividend investments, a true and correct copy of which is attached hereto and made a part hereof as Exhibit 14.

d. A June 2, 2006 letter to me from Margaret Raymond, in-house counsel for Fidelity, a true and correct copy of which is attached hereto and made a part hereof as Exhibit 15.

e. Letters dated May 14, 1999 sent to Delphi Plan hourly and salary participants, true and correct copies of which are attached hereto and made a part hereof as Exhibit 16.

f. An August 24, 2005 letter from Fidelity to AIG Technical Services, a true and correct copy of which is attached hereto and made a part hereof as Exhibit 17.

7. During the course of my investigation, I also received from Deloitte & Touche, the plan's auditor, the Delphi Plan, dated January 1, 2000, a true and correct copy of which is attached hereto and made a part hereof as Exhibit 18.

8. During the course of my investigation, I prepared a memorandum to file regarding a June 7, 2006 telephone conference call with Jonathan Lavy, Investment Analyst at GMIMCo, and David Hartman, GMIMCo's in-house counsel, a true and correct copy of

¹ I received the same analysis from Delphi.

which is attached hereto and made a part hereof as Exhibit 19. (Also attached as Exhibit 19(a) is a true and correct copy of a June 22, 2006 letter sent to me by David Hartman, GMIMCo's in-house counsel, with the enclosed work papers of Jonathan Lavy in response to my request.)

9. During the course of my investigation, I interviewed Francis P. Kuplicki, in-house counsel for Delphi. A true and correct copy of my Report of Interview of Attorney Kuplicki is attached hereto and made a part hereof as Exhibit 20.

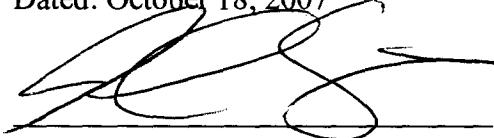
10. During the course of my investigation, I also interviewed Karen Cobb, in-house counsel for Delphi. A true and correct copy of my Report of Interview of Attorney Cobb is attached hereto and made a part hereof as Exhibit 21.

11. Based on the prices of the GMSF and the Promark Fund provided to me by Francis P. Kuplicki, in-house counsel for Delphi, in his September 14, 2007 emails (Exhibit 9), and on the Historical Delphi Dividend Summary also sent to me by Attorney Kuplicki on December 2, 2005 (Exhibit 11), I computed a price-to-price comparison of the GMSF and the Promark Funds up to the date of Delphi's bankruptcy filing on October 8, 2005. On the basis of my computations, I determined that as of October 8, 2005, if the GM stock dividends had been correctly invested, affected participants would have earned

an additional \$3,936,035.87. My computations are attached hereto as Exhibit 22.

Pursuant 28 U.S.C. §1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: October 18, 2007



FRANK SCHNEIDER